March 1987

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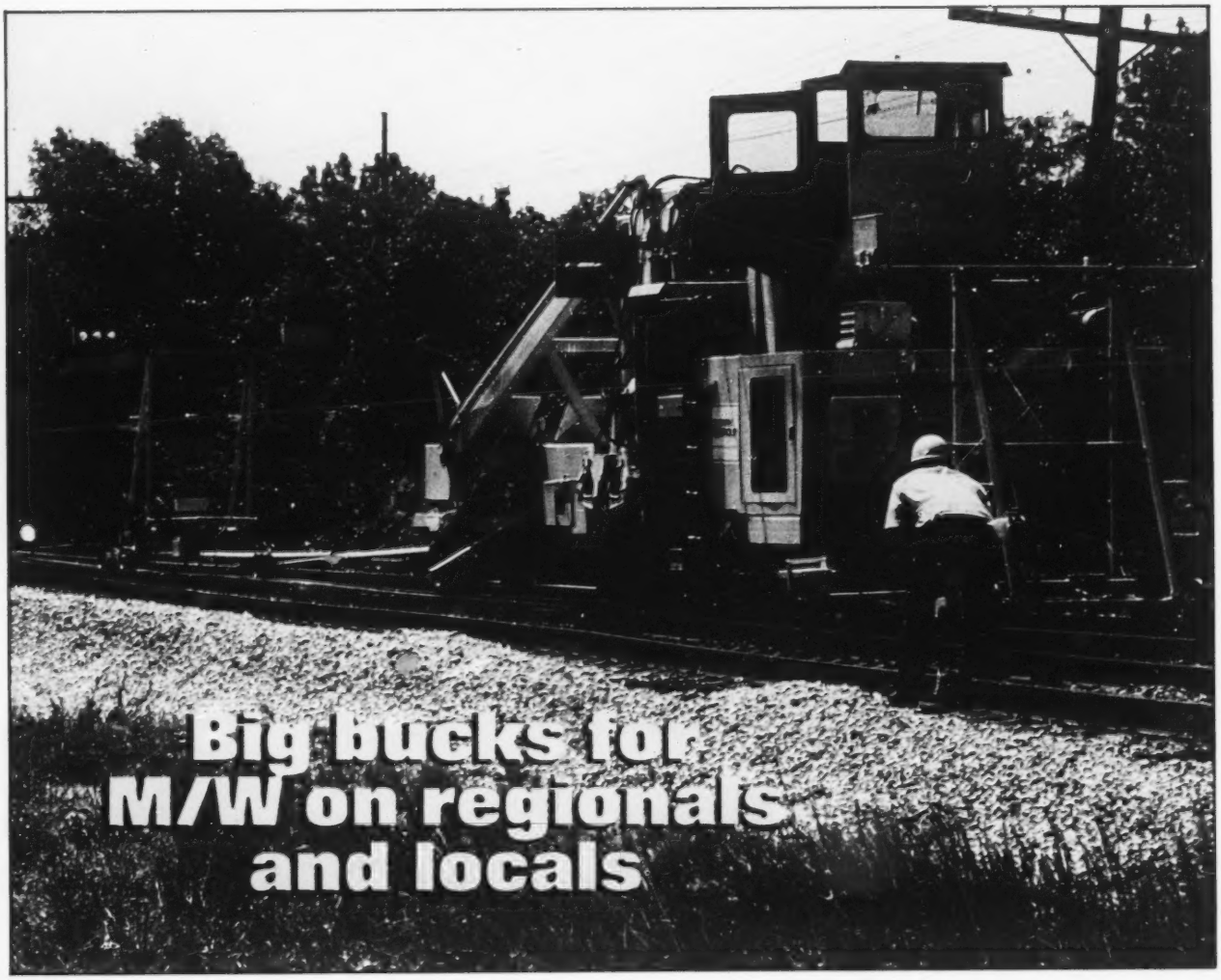
Railway Age

...for the new age of railways



Big bucks for M/W on regionals and locals

A railroader's guide to Washington

New Orleans: New life for a landmark line

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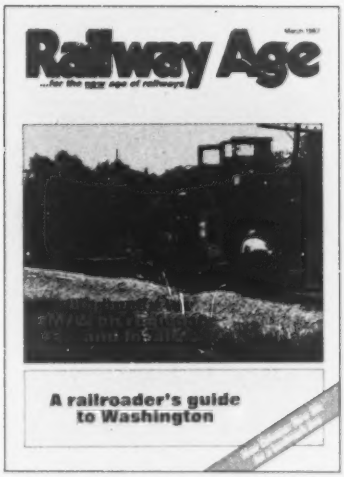

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Market Outlook

Equipment

Alaska Railroad: Awarded a $4.1-million contract to Daewoo Heavy Industries of South Korea for the supply of eight passenger cars to be delivered by the summer of 1988. The order calls for six coaches and two food service cars to replace older equipment on the Anchorage-Fairbanks run.

Massachusetts Bay Transportation Authority: Awarded a $34-million contract to Bombardier for the supply of 40 commuter cars, with options for an additional 90 cars valued at $80 million. The cars will be similar to those ordered by New Jersey Transit and the New York Metropolitan Transportation Authority: they are based on a Pullman design, now Bombardier's property following the company's recent acquisition of Pullman Technology Inc. (*RA*, Feb., p. 51).

New York City Transit Authority: Awarded a $3-million contract to Stone International for 160 sets of air conditioning equipment to be installed on R-33 cars, with an option for an additional 32 sets. Delivery will begin in March.

Facilities

Indian Railways: Awarded three contracts to the Farinon Division of Harris Corp. for the supply of microwave communications equipment valued at more than $8 million. One contract calls for a Harris Farinon analog microwave-radio relay system on trunk routes throughout India. A second calls for digital microwave-radio equipment to monitor traffic and provide point-to-point communications between stations throughout the eastern region. A third calls for equipment for a computerized reservations system in northern India.

Union Pacific: Will spend $38 million this year on new computer and communications equipment, including almost $18 million for new mainframe computers and related equipment and $10 million for installation of a new train dispatching center at North Kansas City, Mo. Some of the new equipment will replace obsolete units, some will support growth in existing systems, and some will be used in new applications.

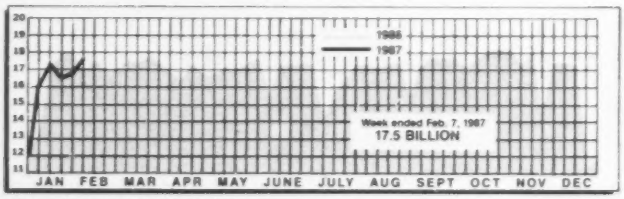
Revenue freight carloadings

Commodity	Feb. 7 week	Jan. 31 week	Jan. 24 week	Jan. 17 week
Grain	27,308	25,235	23,924	26,245
Other farm products	3,764	4,190	4,619	5,459
Metallic ores	12,955	11,890	12,999	11,361
Coal	112,693	100,400	104,537	108,677
Crushed stone, gravel and sand	10,265	8,974	9,516	11,498
Nonmetallic minerals	9,243	7,186	8,360	8,350
Grain mill products	11,192	11,418	11,381	11,142
Food and kindred products	11,615	11,025	10,942	11,322
Primary forest products	11,023	10,320	9,508	10,966
Lumber and wood products except furniture	7,775	8,608	8,128	7,889
Pulp, paper and allied products	12,992	13,574	12,936	13,217
Chemicals and allied products	26,013	26,043	24,863	26,400
Petroleum products	4,676	5,163	4,561	4,637
Stone, clay and glass products	8,894	7,948	8,274	9,038
Coke	4,311	3,838	3,923	4,069
Metals and products	8,457	8,332	7,631	8,063
Motor vehicles and equipment	22,290	21,939	21,165	20,395
Waste and scrap materials	8,681	8,085	8,091	8,599
Forwarder and shipper assn. traffic	3,159	2,933	2,907	2,880
All other carloads	74,050	69,573	66,545	72,087
LCL traffic	101	113	84	100
Total Cars Loaded	**391,457**	**366,787**	**364,994**	**382,394**
% change from previous year	2.2	(0.9)	(7.4)	(2.1)
Estimated revenue ton-miles (billions)	17.5	16.8	16.5	17.2
% change from previous year	0.5	(0.2)	(7.8)	(3.2)

Total:	1987	1986	% change
6 weeks	96.1	99.8	(3.7)

Rail freight traffic trends

Billion ton-miles (Estimated)



Source: Association of American Railroads

Piggyback loadings

	Jan. 31 week	Jan. 24 week	Jan. 17 week	Jan. 10 week
Trailers/containers	94,185	92,550	92,789	89,984

Cumulative total, 5 weeks		% change from 1986
Trailers/containers	436,105	2.2

Freight cars

	DELIVERED			ORDERED			ON ORDER AND UNDELIVERED		
	December	12months		December	12months		Jan. 1,	Average Backlog	
	1986	1986	1985	1986	1986	1985	1986	1986	1985
Built new by carbuilders	1,954	11,508	11,674	1,594	12,426	9,510	2,677	3,467	3,405
Built new in RR shops	0	0	406	0	0	0	0	0	23
Built new—total	**1,954**	**11,508**	**12,080**	**1,594**	**12,426**	**9,510**	**2,677**	**3,467**	**3,428**
Rebuilt	0	95	0	0	95	0	0	10	0
TOTAL	**1,954**	**11,603**	**12,080**	**1,594**	**12,521**	**9,510**	**2,677**	**3,477**	**3,428**
Locomotives (new and rebuilt)	10	392	636	N/A	N/A	N/A	3	112	207

Source: Transportation Div., AAR and American Railway Car Institute

Productivity: The old yardsticks don't always apply

Washington columnists had a certain kind of fun earlier this year, writing about the pay increases that members of Congress (and others in government) would get unless both the Senate and the House voted "No" in a timely fashion. Sportswriters had a certain kind of fun, writing about what baseball players were demanding in arbitration sessions. Business writers were waiting to see what kind of bonuses the captains, or generals, of industry would win from boards of directors. Ordinary working folks, union and non-union, read the newspapers, watched television—and wondered about it all.

GUS WELTY

First, government. There is a perception that the country can't get "the best and the brightest" to go to Washington unless the b. and the b. get paid what they would be paid, maybe, back home in the good old private sector. In a way, however, there's also a perception that a government mired in deficits wants more money for the people miring it in deficits. And never mind that a few years in government service, at that "low" pay, has been known to open the golden door for those who made the "sacrifice."

Then, sports, where a body-fat count seems to mean more than an SAT score. Taking just the baseball example, if an employee of a company in some other enterprise managed to do it right one time out of four, he'd be fired. In baseball, .250 hitters want and get hundreds of thousands of dollars.

Then, industry. Results may not be all that good, but still the bonuses seem to roll, sometimes with exquisite timing, as with the automaker that got concessions from its union people and almost simultaneously announced the bonus schedule.

But, what about railroad employees? By the latest numbers, railroad employees average about $45,000 a year in total compensation, wages and fringes. That's not bad. And in the great majority of cases, it's earned.

Very few railroad employees are freeloaders. Very *many* railroad employees work under adverse conditions, with unpredictable schedules, and sometimes with supervisors who lack the basic skills in dealing with people. Very few railroad employees are out there trying to mess up or even doing it accidentally. Very *many* railroad employees like what they're doing and wouldn't trade jobs (well, maybe some of them would, for those jobs discussed earlier).

Railroad employees like to think of themselves as productive, and by the traditional measurements they are productive.

Trouble is, the traditional measurements are not always the ones that count these days, not with deregulation, not with offshore competition battering U.S. industry and eroding the economy, and not with a coterie of special-interest groups demanding railroad *re*regulation.

One example: Had there been true productivity of both labor and capital, there probably would not be a "regional-railroad" movement today.

Rail union leaders know this. Some of them have accepted the fact, at least for now, others have not.

Those who have not accepted it are running a considerable risk, the risk that they will someday be called to account for destroying jobs, jobs that could be preserved if union philosophy changed to the point where it could accept change.

Some entrepreneurs want nothing to do with unions. Generally speaking, they're the small ones. Entrepreneurs taking up the challenge of operating regional railroads know that they will have unions and that they will have to make agreements with those unions. The entrepreneurs offer something. They offer jobs, and in a number of cases they offer the chance for the employee to share in success. The entrepreneurs also demand something. They demand, above all else, the ability to provide customer-oriented service, which means the ability to peel the crust from "standard" Class 1 railroad operating agreements (non-op agreements as well) and have the flexibility to give the customer what he needs, when he needs it, at an acceptable cost.

Rail labor leaders keep talking about "job protection."

But when you come down to it, if labor's demands force railroads (small and large) into the tank, what "job protection" is there? To put it another way, if rail labor learned nothing from the Rock Island and the Milwaukee Road bankruptcies, then rail labor has to be judged incapable of learning.

Class 1 railroad employment

Employee Group	No. of employees, mid-month count January 1987	Percent of change January 1987 from January 1986	Percent of change January 1987 from December 1986
Total—all employees	247,734	d 10.97	d 3.70
Executives, officials and staff assistants	12,541	d 6.55	d 1.55
Professional and administrative	46,562	d 11.34	d 1.91
Maintenance of way and structures	46,230	d 11.07	d 7.55
Maintenance of equipment and stores	48,288	d 9.43	d 2.23
Transportation (other than train and engine)	16,603	d 13.11	d 4.59
Transportation (train and engine)	77,510	d 11.83	d 3.43